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NATIONAL TREND OF BUSINESS
Lodging Industry

A SERVICE TO THE CLIENTS OF LAVENTHOL & HORWATH

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DECEMBER 1985 COMPARED WITH DECEMBER 1984

OCCUPANCY RATES FALL; TWELFTH CONSECUTIVE MONTH

Occupancy rates for 1985 closed on a disappointing note as December's occupancy rate of 48.1 percent fell 2.2 percent from the December 1984 level, concluding a year in which occupancy rates in each of the twelve months fell below the corresponding month in 1984. Conversely, average room rates rose in each of the twelve months in 1985 compared with 1984. During December, properties located in the Northeast and Southeast regions experienced minimal increases in occupancy, while occupancies for those in the South Central area dropped a substantial 7.2 percent. Room rates were $59.57 for December, a 4.4 percent increase over December of last year. Total sales per occupied room were reported at $100.65, in creasing 4.0 percent from December of last year. Independent properties appeared to have a better ending month than chain properties as their occupancy rate increased 0.8 percent while chain properties fell 2.8 percent.

Food and Beverage operations were also affected by this year-end slump as the number of covers served fell 1.6 percent. Facilities tried to offset this decline with increasing food and beverage costs. In December of 1984, the average receipt per cover was $10.17 and in 1985 it was reported at $10.65, an increase of 4.7 percent. This increase worked itself over to the total of food and beverage sales per occupied room, which rose 3.7 percent compared with December 1984.

For the entire year of 1985, the national occupancy rate stood at 64.4 percent, down 2.1 percent from last year. Average room rate stood at $59.07, up 4.4 percent. Food and beverage sales per occupied room increased from $32.72 in 1984 to $33.36 in 1985—representing a 2.0 percent change. Although, in this same time period, the number of covers served declined 3.1 percent compared to the previous year.

Looking ahead to 1986, we predict occupancy rates to drop slightly less then one percent to 63.9 percent. Average room rates will increase a modest 3.5 percent to $61.00 for the year. Total industry revenues will increase slightly more than room rates, 4.1 percent to $43.1 billion, due mainly to new establishments in the industry.

	Projections	Actual Last Year
FEBRUARY 1986	61-63%	63.7%
MARCH 1986	68-70%	69.5%
APRIL 1986	64-67%	67.3%

SEASONALLY ADJUSTED OCCUPANCY RATES FOR THE MAJOR CLASSIFICATIONS

	This Month	Percentage Changes*
TOTAL U.S.A.	63.4%	1.3%
AFFILIATION:		
Chain	63.6	-0.1
Independent	64.2	3.2
AREA:		
Northeast	75.6	7.4
Southeast	62.6	1.3
North Central	64.6	5.7
South Central	53.6	-5.3
West	67.2	4.5
LOCATION:		
Center City	65.3	5.7
Suburban	62.0	2.1
Highway	66.3	4.1
Airport	60.3	-10.0
Resort	63.9	-0.6
SIZE:		
Under 150 rooms	61.1	-4.4
150 to 299 rooms	61.7	2.0
300 to 600 rooms	62.4	2.1
Over 600 rooms	70.6	8.4
TYPE:		
Hotel	64.7	6.1
Motor Hotel	62.5	-3.0
Economy	58.9	-8.0

*PROM PREVIOUS MONTH

Mark Lomanno, Associate Director
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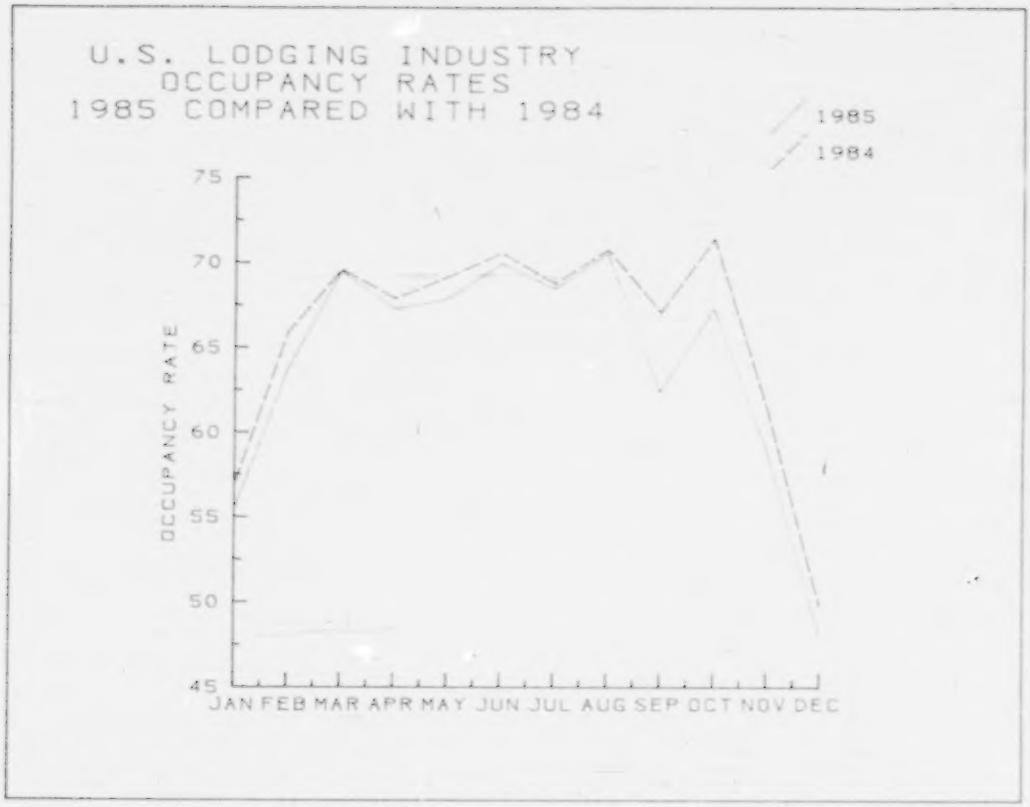
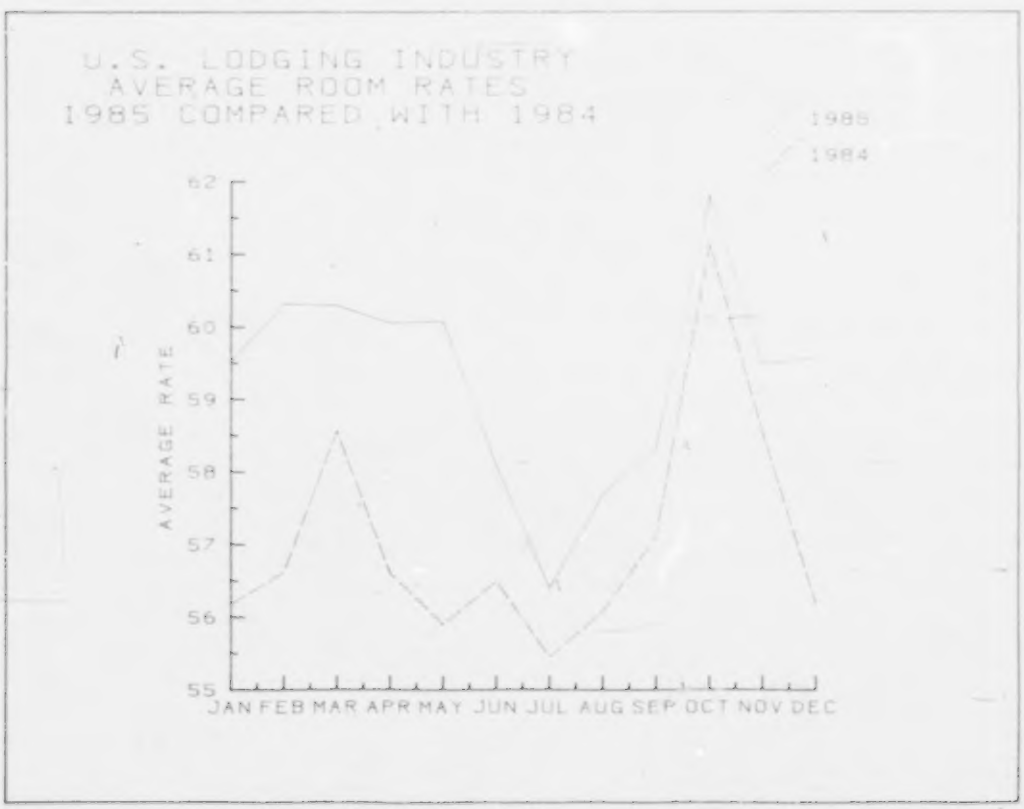
Research and Development


U.S. LODGING INDUSTRY
OCCUPANCY RATES
1985 COMPARED WITH 1984
1985
1984
OCCUPANCY RATE
75
70
65
60
55
50
45
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

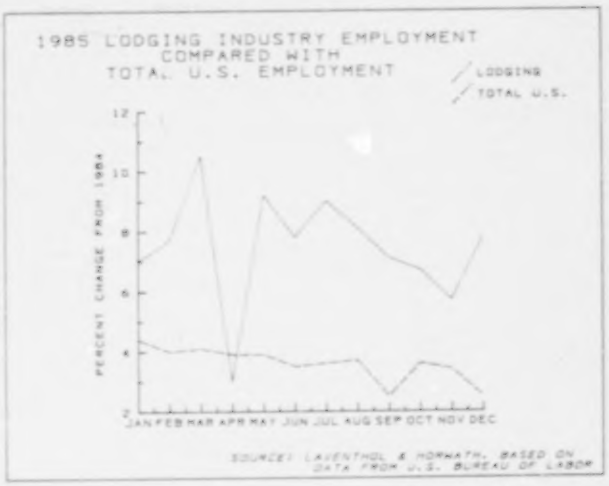

U.S. LODGING INDUSTRY
AVERAGE ROOM RATES
1985 COMPARED WITH 1984
1985
1984
AVERAGE RATE
62
61
60
59
58
57
56
55
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

LARGE GROWTH IN LODGING EMPLOYMENT

Lodging Industry employment during 1985 grew a strong 7.4 percent, compared to a 3.6 percent increase for Total U.S. employment, based on data from the U.S. Bureau of Labor. This 7.4 percent increase in employment represents an increase of approximately 90,000 employees during the year.

In a year which occupancy rates declined during each month, the large increases in employment illustrated below, indicate the growth of new establishments within the lodging industry during 1985.

As shown in the following graph, lodging employment grew fairly substantially during each month of 1985 when compared to the previous year. In fact, the smallest monthly increase occurred in April when employment grew 3.0 percent, this followed the largest increase for a single month of 10.5 percent which occurred in March.



	Hotels, motels and tourist courts (thousands)		Total U.S. (nonagricultural) (thousands)		
	1984	1985		1984	1985
January	1,098.1	1,175.5	January	92,391	96,419
February	1,114.8	1,200.1	February	92,846	96,591
March	1,148.7	1,269.8	March	93,058	96,910
April	1,267.9	1,306.3	April	93,449	97,120
May	1,226.7	1,339.6	May	93,786	97,421
June	1,276.4	1,376.2	June	94,135	97,473
July	1,296.0	1,412.3	July	94,350	97,707
August	1,314.2	1,420.9	August	94,523	97,977
September	1,288.7	1,379.9	September	95,807	98,217
October	1,251.1	1,334.3	October	95,157	98,571
November	1,235.7	1,305.7	November	95,494	98,753
*December	1,196.6	1,289.8	*December	96,681	99.059
*Year Average	1,226.2	1,317.5	*Year Average	94,306	97,686

*Preliminary
Source: U.S. Bureau of Labor Statistics

YEAR TO DATE REPORT AS OF DECEMBER 1985*

	Occupancy Percent		Percent Change	Room Sales Per Occupied Room		Percent Change
	1985	1984		1985	1984	
TOTAL U.S.A.	**64.4**	**65.8**	**-2.1**	**$59.07**	**$56.59**	**4.4**
NORTHEAST:	**70.1**	**72.4**	**-3.2**	**83.94**	**78.41**	**7.1**
Boston	68.5	69.9	-2.0	84.49	81.07	4.2
New York City	72.5	75.2	-3.6	101.37	93.61	8.3
Pennsylvania	64.1	65.3	-1.8	53.05	50.58	4.9
Philadelphia	58.7	60.8	-3.5	60.29	59.18	1.9
Pittsburgh	69.5	68.1	2.1	50.99	48.48	5.2
SOUTHEAST:	**66.6**	**66.9**	**-0.4**	**60.43**	**58.52**	**3.3**
Metro. Wash., D.C.	72.4	70.8	2.3	87.26	78.47	11.2
Daytona Beach	68.7	68.6	0.2	50.39	48.32	4.3
Greater Orlando	66.0	68.4	-3.5	51.35	52.40	-2.0
Osceola County	66.8	67.3	-0.7	43.73	47.55	-8.0
South Florida	62.9	59.3	6.1	72.86	70.74	3.0
Downtown Miami	60.2	54.5	10.5	54.42	55.28	-1.6
Fort Lauderdale	62.4	57.8	8.0	56.41	56.29	0.2
Tampa Bay	64.7	65.3	-0.9	47.65	47.32	0.7
NORTH CENTRAL:	**63.1**	**63.4**	**-0.5**	**48.27**	**45.26**	**6.7**
Des Moines	56.2	61.8	-9.1	38.26	34.61	10.5
Michigan	68.0	66.3	2.6	55.15	47.95	15.0
Detroit (SE)	76.1	72.6	4.8	55.85	49.42	13.0
Ohio	60.4	59.1	2.2	48.99	45.91	6.7
Cleveland	57.3	55.4	3.4	49.42	45.34	9.0
Cincinnati	60.0	57.3	4.7	50.55	47.43	6.6
St. Louis	63.4	60.9	4.1	50.86	49.51	2.7
Twin Cities	63.2	65.1	-2.9	53.08	50.32	5.5
SOUTH CENTRAL:	**56.8**	**60.0**	**-5.3**	**51.65**	**50.64**	**2.0**
Dallas	60.4	61.9	-2.4	58.84	55.32	6.4
Gulf Coast	53.8	57.5	-6.4	52.25	52.28	-0.1
Houston	48.1	50.6	-4.9	52.80	51.66	2.2
New Orleans	55.0	62.6	-12.1	67.06	69.80	-3.9
San Antonio	66.3	70.3	-5.7	45.99	43.81	5.0
Tulsa	46.1	49.3	6.5	44.51	43.74	1.8
WEST:	**68.3**	**69.2**	**-1.3**	**57.65**	**55.55**	**3.8**
San Francisco Airport	71.9	75.8	-5.2	65.45	61.95	5.7
San Diego	75.7	75.9	-0.3	67.41	63.39	6.3
Oregon	57.4	57.4	—	45.83	43.26	5.9
Portland	63.4	60.5	4.8	51.00	47.76	6.8
Seattle	68.9	68.3	0.9	55.85	52.20	7.0

*Source: *National Trend of Business in the Lodging Industry*, Laventhol & Horwath

TREND REPORT DECEMBER 1985 COMPARED WITH DECEMBER 1984

	SALES PERCENT CHANGE				OCCUPANCY PERCENT		DOUBLE OCCUPANCY PERCENT		ROOM SALES PER OCCUPIED ROOM		TOTAL SALES PER OCCUPIED ROOM	
	TOTAL	ROOMS	F&B	OTHER	DEC	% CHG	DEC	% CHG	DEC	% CHG	DEC	% CHG
TOTAL	1.4	1.7	0.4	3.8	48.1	-2.2	52.3	3.1	$ 59.57	4.4	$100.65	4.0
REGION:												
Northeast	3.9	6.2	-0.7	4.8	61.2	0.2	63.6	1.2	$ 90.16	6.7	$139.72	4.4
Southeast	4.2	4.4	2.9	7.7	50.0	1.0	38.4	1.7	59.43	2.7	100.50	2.5
North Central	0.5	1.1	-0.6	1.8	44.6	-2.2	43.6	13.5	46.18	4.9	88.31	4.2
South Central	-4.2	-5.6	-3.3	6.0	40.1	-7.2	38.7	-7.0	50.11	1.4	84.75	2.9
West	1.8	1.0	3.6	-5.0	50.8	-1.2	46.9	.4.7	54.06	3.3	93.92	4.1
AFFILIATION:												
Chain	1.0	1.2	-0.1	5.4	48.0	-2.8	50.8	4.5	$ 59.34	4.2	$ 99.15	4.0
Independent	3.2	4.3	2.5	-2.4	48.5	0.8	60.7	-0.8	60.58	5.0	107.91	3.9
LOCATION:												
Center City	2.3	3.6	-0.6	6.7	49.6	-1.0	46.7	2.9	$ 75.00	5.8	$125.62	4.4
Suburban	-2.9	-4.5	-1.7	4.3	44.9	-5.7	39.4	-1.0	50.10	2.4	88.05	4.0
Airport	3.7	3.0	4.8	2.8	52.6	-1.7	31.8	8.2	52.33	4.9	89.86	5.6
Highway	-1.1	-0.3	-1.9	-10.3	46.4	-2.5	62.3	6.3	39.66	1.0	60.98	0.2
Resort	4.6	4.8	4.6	2.5	48.1	-	106.5	-0.6	71.11	4.1	127.40	3.9
SIZE:												
Under 150 Rooms	-1.4	-0.9	-2.4	-4.6	46.1	-3.2	58.9	9.5	$ 37.56	2.4	$ 52.71	1.9
150 - 299 Rooms	-1.0	-1.4	-0.7	2.2	45.5	-4.0	46.8	0.2	50.64	3.2	87.53	3.7
300 - 600 Rooms	1.4	0.5	2.7	1.7	46.8	-2.3	50.7	2.0	62.26	3.5	114.38	4.5
Over 600 Rooms	4.1	6.2	-0.1	8.5	55.9	1.5	57.4	3.2	86.77	4.9	143.72	2.9
TYPE:												
Hotel	2.6	3.2	1.4	4.5	49.4	-0.6	50.7	2.6	$ 69.66	4.7	$125.92	4.1
Motor Hotel	-2.5	-1.8	-4.0	-0.7	46.6	-4.3	52.9	4.3	47.54	2.7	71.31	2.0
Economy	-1.0	-0.9	12.8	-12.4	45.3	-3.6	70.2	-1.8	29.51	2.3	30.53	2.1
All Suites	4.0	2.4	4.9	22.7	45.8	-5.8	75.6	21.0	69.13	5.2	89.88	6.9

* INSUFFICIENT RESPONSE
\- NO CHANGE

YEAR TO DATE TREND REPORT - AS OF DECEMBER 1985

	SALES PERCENT CHANGE				OCCUPANCY PERCENT		DOUBLE OCCUPANCY PERCENT		ROOM SALES PER OCCUPIED ROOM		TOTAL SALES PER OCCUPIED ROOM	
	TOTAL	ROOMS	F&B	OTHER	DEC	% CHG	DEC	% CHG	DEC	% CHG	DEC	% CHG
TOTAL	1.8	2.5	-0.1	3.8	64.4	-2.1	51.7	1.4	$ 59.07	4.4	$ 89.32	3.7
REGION:												
Northeast	2.0	3.5	-2.7	6.9	70.1	-3.2	42.0	1.2	$ 83.94	7.1	$124.18	5.5
Southeast	3.3	3.5	2.8	4.1	66.6	-0.4	83.7	-0.1	60.43	3.3	93.90	3.1
North Central	4.9	6.7	1.2	4.9	63.1	-0.5	40.0	1.3	48.27	6.7	74.96	4.9
South Central	-3.4	-3.3	-4.5	0.7	56.8	-5.3	39.4	-1.3	51.65	2.0	76.55	1.8
West	2.6	2.8	2.4	0.9	68.3	-1.3	49.5	4.4	57.65	3.8	86.65	3.6
AFFILIATION:												
Chain	1.7	2.4	-0.4	3.2	64.8	-2.4	48.3	0.8	$ 58.44	4.6	$ 87.07	3.8
Independent	2.3	2.5	1.2	6.0	62.7	-0.8	65.2	3.2	62.38	3.3	100.66	3.1
LOCATION:												
Center City	1.5	2.3	-1.0	3.9	62.9	-2.0	43.7	1.4	$ 72.45	5.1	$110.23	4.3
Suburban	1.4	2.4	-0.8	2.3	63.9	-2.9	41.5	2.0	52.29	4.7	78.71	3.7
Airport	3.3	4.1	0.9	6.2	67.9	-1.7	31.5	-2.2	54.38	4.7	80.89	3.8
Highway	1.2	1.6	0.4	-0.5	64.3	-2.6	58.6	3.0	40.86	3.4	55.77	3.1
Resort	2.4	2.4	1.8	5.4	65.8	-1.2	102.3	0.8	71.76	2.9	119.46	3.0
SIZE:												
Under 150 Rooms	1.5	2.2	-1.0	2.5	65.0	-1.5	59.8	0.5	$ 40.22	3.5	$ 52.74	2.8
150 - 299 Rooms	0.8	1.4	-0.8	1.6	63.7	-3.3	47.8	3.2	52.51	4.5	77.97	3.9
300 - 600 Rooms	2.4	3.0	1.2	3.5	62.6	-2.0	46.3	1.8	64.83	3.7	102.97	3.2
Over 600 Rooms	2.4	3.4	-0.3	5.9	67.3	-0.9	57.0	0.2	84.06	5.2	132.38	4.3
TYPE:												
Hotel	2.0	2.8	0.1	3.7	64.3	-1.7	48.0	1.5	$ 69.26	4.7	$111.83	3.8
Motor Hotel	1.2	1.7	-0.9	4.0	64.4	-3.2	54.8	1.7	47.63	4.0	64.88	3.5
Economy	2.5	2.6	-0.2	2.1	64.0	-1.4	71.3	0.8	30.09	3.8	31.22	3.7
All Suites	0.4	-0.3	3.5	7.1	68.2	-4.1	87.3	0.3	72.72	2.0	86.33	2.7

* INSUFFICIENT RESPONSE

FOOD AND BEVERAGE REPORT - DECEMBER 1985 COMPARED WITH DECEMBER 1984

	F&B SALES PER OCCUPIED ROOM		AVERAGE RECEIPT PER COVER		FOOD COST PERCENT OF FOOD SALES		BEV COST PERCENT OF BEV SALES		F&B PAYROLL PERCENT OF F&B SALES		F&B PAYROLL PER COVER		NUMBER COVERS SERVED
	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	% CHG
TOTAL	$46.71	$45.05	$10.65	$10.17	0.35	0.35	0.22	0.22	46.0	45.8	$ 4.99	$ 6.71	-1.6
REGION:													
Northeast	$48.24	$48.63	$13.04	$12.56	0.37	0.36	0.22	0.22	52.0	52.3	$ 10.49	$ 9.94	-1.3
Southeast	42.62	41.62	10.58	10.09	0.34	0.34	0.22	0.22	43.2	42.2	6.28	6.10	1.9
North Central	51.80	49.43	10.27	9.93	0.35	0.34	0.23	0.22	43.7	42.7	6.41	6.14	-3.6
South Central	40.04	37.98	9.82	9.16	0.34	0.34	0.21	0.24	45.0	44.4	6.50	6.09	-10.0
West	52.52	49.49	10.02	9.61	0.35	0.34	0.21	0.20	43.9	45.1	5.58	5.57	3.2
AFFILIATION:													
Chain	$44.36	$42.77	$10.56	$10.09	0.35	0.34	0.22	0.22	46.2	45.7	$ 7.04	$ 6.74	-2.2
Independent	59.52	57.93	10.98	10.46	0.36	0.35	0.23	0.23	45.0	46.1	6.74	6.61	0.5
LOCATION:													
Center City	$50.11	$49.34	$12.36	$11.96	0.31	0.30	0.20	0.20	46.8	47.1	$ 8.28	$ 8.10	-1.3
Suburban	42.56	39.91	9.64	8.99	0.35	0.35	0.21	0.24	42.8	42.6	6.07	5.65	-7.8
Airport	39.90	36.94	8.95	8.41	0.34	0.33	0.21	0.20	42.0	39.7	5.06	4.72	1.0
Highway	40.27	40.27	9.02	8.45	0.54	0.54	0.31	0.30	56.0	54.2	7.84	7.31	-3.2
Resort	56.94	54.39	11.00	10.82	0.36	0.36	0.23	0.21	44.3	44.7	6.14	6.17	5.3
SIZE:													
Under 150 Rooms	$45.81	$43.92	$ 8.44	$ 8.13	0.38	0.38	0.24	0.24	41.7	41.5	$ 4.91	$ 4.74	-5.9
150 - 299 Rooms	41.03	38.91	9.21	8.71	0.35	0.35	0.22	0.23	43.0	41.8	5.65	5.32	-3.3
300 - 600 Rooms	47.94	45.14	10.95	10.45	0.38	0.39	0.24	0.24	49.1	50.4	7.94	7.86	-0.4
Over 600 Rooms	51.79	52.38	12.85	12.49	0.31	0.29	0.19	0.20	46.3	45.6	8.35	7.95	0.7
TYPE:													
Hotel	$52.39	$50.80	$11.21	$10.78	0.35	0.34	0.22	0.22	46.3	46.6	$ 7.40	$ 7.23	-
Motor Hotel	32.22	31.11	8.79	8.24	0.35	0.35	0.22	0.22	44.0	41.7	5.59	5.10	-7.3
Economy	8.22	8.13	*	*	*	*	*	*	*	*	*	*	*
All Suites	44.00	42.15	13.75	14.97	0.37	0.36	0.22	0.20	59.7	58.0	11.75	12.49	17.5

* INSUFFICIENT RESPONSE
\- NO CHANGE

YEAR TO DATE FOOD AND BEVERAGE REPORT - AS OF DECEMBER 1985

	F&B SALES PER OCCUPIED ROOM		AVERAGE RECEIPT PER COVER		FOOD COST PERCENT OF FOOD SALES		BEV COST PERCENT OF BEV SALES		F&B PAYROLL PERCENT OF F&B SALES		F&B PAYROLL PER COVER		NUMBER COVERS SERVED
	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	% CHG
TOTAL	$33.36	$32.72	$ 9.30	$ 8.90	0.33	0.34	0.21	0.22	46.8	46.2	$ 6.07	$ 5.79	-3.1
REGION:													
Northeast	$37.89	$37.63	$11.38	$10.90	0.31	0.32	0.20	0.20	52.1	50.4	$ 8.56	$ 8.00	-6.2
Southeast	33.08	32.21	9.24	8.87	0.33	0.34	0.22	0.22	42.4	41.8	5.64	5.34	-0.9
North Central	32.49	32.20	8.39	7.99	0.34	0.35	0.22	0.22	43.7	43.3	4.93	4.73	-2.1
South Central	27.37	27.09	8.45	8.17	0.34	0.35	0.22	0.23	47.1	47.0	5.83	5.64	-7.2
West	36.65	35.46	9.32	8.87	0.34	0.34	0.22	0.21	48.4	47.9	5.83	5.56	-0.9
AFFILIATION:													
Chain	$31.03	$30.41	$ 9.09	$ 8.72	0.33	0.34	0.21	0.21	47.1	46.4	$ 6.06	$ 5.77	-3.4
Independent	46.34	45.79	10.05	9.60	0.35	0.35	0.23	0.23	45.3	45.2	6.10	5.87	-2.3
LOCATION:													
Center City	$36.32	$35.68	$10.47	$ 9.99	0.31	0.32	0.21	0.21	50.2	49.9	$ 7.43	$ 7.05	-4.9
Suburban	28.99	28.61	8.33	8.04	0.35	0.35	0.22	0.23	45.3	44.7	5.31	5.10	-2.5
Airport	28.10	27.61	8.34	7.96	0.34	0.34	0.22	0.22	44.2	43.6	4.97	4.80	-1.6
Highway	25.46	24.88	7.66	7.22	0.37	0.38	0.23	0.24	43.4	41.7	4.55	4.23	-2.7
Resort	46.99	45.57	9.87	9.53	0.34	0.35	0.21	0.21	42.7	41.8	5.55	5.22	-1.6
SIZE:													
Under 150 Rooms	$32.11	$31.82	$ 7.21	$ 6.96	0.37	0.38	0.25	0.25	43.3	42.0	$ 4.17	$ 3.97	-3.2
150 - 299 Rooms	26.73	26.05	7.97	7.68	0.35	0.35	0.23	0.23	45.0	43.7	5.00	4.71	-2.8
300 - 600 Rooms	34.94	34.35	9.69	9.26	0.33	0.34	0.22	0.22	48.6	48.6	6.54	6.34	-1.5
Over 600 Rooms	41.68	41.08	11.60	11.00	0.30	0.31	0.19	0.19	47.2	46.9	7.80	7.31	-5.9
TYPE:													
Hotel	$38.46	$37.74	$ 9.90	$ 9.46	0.33	0.33	0.21	0.22	47.3	46.9	$ 6.53	$ 6.24	-3.3
Motor Hotel	22.49	22.14	7.38	7.11	0.35	0.36	0.22	0.22	43.8	42.1	4.53	4.26	-2.5
Economy	6.52	6.32	3.32	3.27	0.33	0.34	*	*	35.2	40.2	*	*	-2.9
All Suites	24.49	22.63	11.79	11.44	0.35	0.37	0.24	0.26	62.6	66.8	11.11	10.96	-5.3

* INSUFFICIENT RESPONSE